FY 04 CECOM/TYAD Maintenance Production

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CECOM Bottom Line: THE WARFIGHTE

TYAD
FY04 EXECUTION PLAN

Meeting the Warfighter's Requirements

- TYAD will
  - Execute the October 2003 Plan
  - Accomplish the revenue target of $452.6
  - Meet production schedules
  - Satisfy all customer requirements
  - Utilize process improvements/efficiency initiatives
  - Significantly increase execution

FY04 EXECUTION PLAN 4.2M MHRS Q1 PLANNED VS ACTUAL

	Planned	Actual	% Var
DLH Execution	.871K	.755K	- 13.3%
OT Execution	99.9K	93.9K	- 6. 0%
Revenue	$105.0M	$100.0M*	- 4.8%

- Additionally, TYAD has significantly increased 2nd and 3rd shift operations in both Support and Electronic Shops

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ECOM Bottom Line: THE WARFIGHTER

FY04 EXECUTION PLAN 1ST QUARTER SHORTFALL

- Hiring plan targets not achieved Q1
  - Q1 DLH execution 755K vs Plan of 871K
- Deviation from original plan has multiple causes:
  - LMP Processes
    - Acceptance of programs
    - Formulating cost plans
    - Parts management visibility
    - Lack of management reports/visibility of workload at the cost center level
- These issues resulted in delay of work getting to shops
- Oct/Nov – Actively redistributing personnel from low workload areas to high workload shops
- Conditions in early 1st Qtr made it difficult to full support hiring plan

Looking Further at TYAD

Production

	Sept FY03	Average. Oct-Dec FY04	Difference
Total revenue generated - AMC	$48.9	$18.4	-$30.5
CECOM monthly average revenue	***$24.0***	***$33.3***	***$9.3***
Total DLHs generated (incl. CFTs)	249.6	251.3	1.7

Lost production momentum we were going to build upon

Personnel (AMC TOTAL)

	BES + Reset Plan	ACTUAL
End Strengths (incl. term/temps)	12,160.0	11,704.0
CFTs (DLHs in K)	2,118.9	281.6
Overtime target (DLHs)	2,048.5	468.3
Process improvements/ LEAN savings DLHs*	479.0	??
DLHs	17,400.0	2,984.0

*BES did not have DLHs only $s

Not on track to meet production goals

Revenue

	AMC	***CECOM Estimate***
Cumulative revenue thru Dec 03	$60.2	***100.0***
Avg. monthly revenue thru Dec 03	$20.1	***33.3***
Target (base pgm w/ Reset & GWOT)	$452.6	***452.6***
Revenue needed for remainder of FY04	$392.4	***352.6***
Rq'd avg monthly revenue to meet target	$43.6	***39.1***
% production increase needed	**117.3%**	***17.4%***

Without right sized workforce cannot earn required revenue

New Orders

	AMC	***CECOM Estimate***
Revised New Orders	$326.2	***$326.30***
Percent allowed carryover	33%	***33.80%***
Amount allowed carryover	$107.7	***$110.30***
Amount planned carryover	$115.4	***$112.00***

Instead of -$.2M -$0.2M

New plan +$7.8M $1.7M

$1.9M

ECOM Bottom Line: THE WARFIGHTE

or **$8.0M** change from commitment

TYAD
FY04 EXECUTION PLAN

- TYAD will significantly increase production by
  - Utilizing process improvements/efficiency initiatives to reduce both man-hour and material utilization.
  - Accelerating an aggressive hiring plan
  - Rephasing of gov't and CFT hiring to match increased workload requirement
  - Reviewing options for current partnership initiatives
  - Increase overtime
  - Expanded 2nd/3rd shift operations
  - Staffed with gov't employees and CFTs
  - Enhanced throughput in the Industrial

COW Bottom Line: THE WARFIGHTER

PERFORMANCE COMPARISON FY03 (JAN) VS FY04 (JAN)

	FY-03	FY-04	CHANGE
Personnel			
Gov't	1614	1759	+ 9.0%
CFT	0	72*	+ 72
DLH Execution	910K	1.027K	+ 12.9%
Productive Yield	1586	1628	+ 2.4%
Revenue	$93M	$133M**	+ 42.0%

* CFT's through 9 Feb 04 = 115

** Revenue Adjustment ($112M + $20M inventory adjustment + $1.6 DLH adjustment)

COM Bottom Line: THE WARFIGHTE

LMP ISSUES

- Revenue Recognition
  - 1307 Report discrepancies
    - Understated Revenue
      - $60M reported thru December, jumped to $112M in January
    - Inaccurate Revenue Reports in Business Warehouse
      - Rpt 1041-1307 Part 1 Stmt of Ops - $110M
      - Rpt 1400-1307 Internal Stmt of Ops - $117M

ECCM Bottom Line: THE WARFIGHTE

LMP ISSUES

- Revenue recognition logic in LMP malfunctioning
  - LMP ticket #40999
    - Example: WBS 1G03M347681GIP, AN/ASM-146

      Auth Funds: $13.150M
      Cost: $ 7.8M
      LMP Revenue: $ .867M
  - Under the current revenue recognition policy, revenue is recognized as costs are incurred; actual revenue should be close to $7.8M!
  - Material inventory
    - Ordered project material held in stock (ASRS) not costed to the project
    - Impacts carry-over/revenue recognition/cash position
    - LMP ticket #45962

Process Improvement Results
Lean Initiatives
FY03 and FY04

System	Customer(s)	Realized Savings	Total Avoidance	Savings and Avoidance
Sidewinder Missile	AF and Navy	$1,105,650	$5,007,520	$6,113,170
AN/TRC-170 V(2)	Army, AF, Marine Corps	$136,627	($8,515)	$128,112
V(3)		$185,439	$35	$185,474
AN/VPQ-1	AF and Navy	$18,896		$18,896
AN/APX-72	Army, AF, Navy	$842,027		$842,027
AN/TPQ-36 (Recap Prototype)	Army	$300,000		$300,000
IROAN		$224,939		$224,939
AN/TPS-75 Radar	Air Force		$320,361	$320,361
AN/ASM-146/147	Army	$171,744		$171,744
AN/PRC-112D	Army	$676,895		$676,895
TOTAL		$3,662,217	$5,319,401	$8,981,618

ECOM Bottom Line: THE WARFIGHTE

Process Improvement Results
Lean Initiatives
FY03 and FY04 (Cont'd)

Customer(s)	Average Hour/Unit Savings	Qty Completed	Ttl Hrs	% RCT Reduction	
AF and Navy	2	935	1,870	17%	
Army, AF, Marine Corps	104	19	1,976	8%*	From Std Hrs
	108	10	1,080	-3%*	From Std Hrs
AF and Navy	68	4	272	32%	
Army, A,F Navy	-0.6	854	-512	43%	
Army				-48%	
				-41%	
Air Force	-494	1	-494	3%*	From Std Hrs
Army	(146) 176	63	11,088		
	(147) -40	17	-680		
Army	-2.7	641	-1,731	35%*	From Std Hrs
			12,869		

ECOM Bottom Line: THE WARFIGHTE

SUMMARY

- TYAD will generate $452.6M in revenue in FY04 by….
  - Utilizing existing Omnibus contracts to support increased workload requirements.
  - Reviewing partnership efforts.
  - Accelerate Original Government/Contractor Hiring Plan.
  - Establishing permanent 2nd/3rd shifts through mission areas.
  - Increasing overtime.
  - Intensively monitoring workload requirements to maintain an efficient skill to workload ratio.

Result: High Productive Yield.

- Leveraging Lean/Process Improvement initiatives.

COM Bottom Line: THE WARFIGHTER

TOBYHANNA ARMY DEPOT MAINTENANCE SUMMARY Original Plan

	Total (K hrs)
• Overtime	448.1
• Second/third shift	Incl in Civ Emp
• Contract Field Teams	770.3
• Civilian Employees	2,987.3
• **Total**	**4,205.7**

ECOM Bottom Line: THE WARFIGHTE

CECOM Backorders/Unserviceables

Backorders for Reparables:

FY02 $120M
FY03 $219M

CECOM Unserviceables:

Inducted:

FY02 $92M ($16M b/o)

FY03 $66M ($16M b/o)

Not Inducted:

FY02 $715M ($18M b/o)
***FY03 $762M ($36M b/o)**
***$108M unserv below depot**

CECOM Back Orders:
FY02 $ 175.2M
FY03 $ 379.0M

CECOM Unserviceables:
IND

FY02 $ 99.2M
FY03 $ 67.7M
Not IND
FY02 $ 786.5M
FY03 $ 846.0M

All data is from the Sep 02 and Jun 03 Reparable Strat, we cannot scan LMP files for an update at this t

ECOM Bottom Line: THE WARFIGHTE

AWCF SMA – FY 04

415 Programs (NIIN to work on) - $27.1M Obligated

76 Fabrications - $5M

339 Organic Repair - $22.1M

AWCF SMA – FY 04

Organic Repair 339 Programs

Unserviceable on hand to start	237
In System Awaiting Acceptance	66
Not In System	3
No Asset Picture Available	33*
	339

* WSD to review NIINs to determine how soon unserviceables will be available.

Potential Route for NMC Production Tracking

CAV II - Commercial Asset Visibility - an AMC-mandated program designed to provide an inventory management system for reparable assets while they are located at a contractor's facility.

Provides U.S. Army item managers with visibility of assets throughout the various stages of the repair cycle, and provides the U.S. Army with the current status of assets being repaired.

Requirements integrated into the LMP solution

Agreement to utilize is written into the contract

Currently CECOM has 9 contractors utilizing CAV II

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